

**Governmental Health Group of Rhode Island
Minutes
Regular Meeting of the Board of Directors
Wednesday, March 28, 2007**

A regular meeting of the Board of Directors was held on Wednesday, March 28, 2007, at the Portsmouth Town Hall, 2200 East Main Road, Portsmouth, Rhode Island.

Roll Call:

Board of Directors

Jane F. Correia	Director	Present
Shawn J. Brown	Director	Present
David P. Faucher	Director	Present
Robert Mushen	Director	Present
Miriam Goodman	Director	Present
Nancy Lalli	Director	Present
Glenn Steckman III	Director	Present
Robert Murray	Director	Present

Alternate Board Members:

Edward Mara	Alternate	Excused
Catherine McLeish	Alternate	Present
Vacant	Alternate	Excused
Harold "Ron" Devine	Alternate	Excused
Maureen Macera	Alternate	Excused
Michael Saunders	Alternate	Present
Robin Reasor	Alternate	Present
Joanne Vecchio	Alternate	Excused

Others Present

Lynne Dible	Secretary	Present
Kevin Walsh	Group Benefits Strategies	Present
Stephen Zubiago	Nixon Peabody LLP	Excused
Paul Grimes	United Health Care	For United presentation
Eric Swain	United Health Care	For United presentation

Call to Order:

President Correia called the meeting to order at 9:30 a.m. Secretary Dible reported that a quorum was present.

Agenda:

A motion was made by S. Brown, seconded by D. Faucher, to approve the agenda for the 03/28/2007 meeting. The motion was approved unanimously.

Secretary's Report:

A motion was made by S. Brown, seconded by D. Faucher, to approve the minutes (previously emailed) of the regular meeting held 02/28/2007, to include a correction to the information provided by K. Walsh relative to a claim being paid incorrectly on the Disputed Claims Log. The change will be made to the minutes to reflect that no claims have been paid incorrectly. The motion was approved unanimously.

United Health Presentation:

P. Grimes and E. Swain of United Healthcare presented information about United Healthcare plans for municipalities. They explained that United recently held a Municipal Seminar on Aquidneck Island and also issued a press release informing the public about the savings the State of Rhode Island has seen since the State employees moved to United Healthcare from Blue Cross. The discussion continued about how the State contract has in excess of 50,000 members, and was entered into with anticipated savings of \$25M in administrative fees over the three-year contract with United Healthcare. The State negotiated a fixed administrative fee with United Healthcare, as opposed to a fixed percentage of claim costs. The State enjoyed a \$6.8M savings for the first year of the contract and has extended its contract with United Healthcare for two additional years. P. Grimes and E. Swain further explained that the administrative fee negotiated for the State is also available to Rhode Island municipalities and school districts in the state that are self-funded. The State contract with United is now in place through FY2010.

Discussions followed regarding the myth that United Healthcare's provider network is not as robust as the Blue Cross network. K. Walsh asked that United Healthcare provide the same analysis to the GHGRI as they did for the State, which would compare the benefits, prescription drug formularies, and provider networks of the two carriers. P. Grimes added that United's network discounts are superior to those of Blue Cross. He also discussed the fact that reinsurance is built into the product, but can be broken out and contracted to another party.

Treasurer's Report:

S. Brown reported that for the period ending 02/28/2007, an understatement of \$16,085 of accrued income from the previous month had been corrected and is reflected in this month's statements. The February 2007 Balance Sheet shows a strong cash position for the month. Most of the cash is invested in interest bearing accounts. He added that the \$1.6M in claims payable was just a timing issue and was not unusual. S. Brown also clarified that at the beginning of the meeting he distributed the Medicare Part D subsidy payments for the first half of 2006 to each member who was eligible to receive the payment. The Subsidy was broken down based on the Part D Subsidy breakout formula previously approved by the Board.

On the Profit & Loss Statement for the month, S. Brown reported that there was a loss in Net Income of \$16K, with Net Income year to date of \$2.6M. He added that activity overall for the month was normal.

A motion was made by D. Faucher, seconded by R. Murray, to approve the Treasurer's Report for the period ending February 28, 2007 as presented. The motion was approved unanimously,

Warrants:

A motion was made by S. Brown, seconded by D. Faucher, to approve the April 2007 Warrant Summary. The motion was approved unanimously.

Self-Funded Cost vs. Funding Analysis:

K. Walsh provided an overview of the Self-Funded Cost vs. Funding Analysis, which reflected an overall cost/funding ratio of 94.5% as of the end of February 2007. He reported that there were a few groups with ratios over 100%, and a few with ratios close to 100%, after eight months of operations in the fiscal year. K. Walsh also reported that there is one excess claim over \$200K for the fiscal year, and nine members with high claims with over 50% losses.

M. Saunders requested that GBS add a column to the Self-Funded Cost vs. Funding Report which shows the administrative fee as a percent of claims, which then can be used as a comparison from year to year. K. Walsh agreed to add this column beginning with next month's report.

Discussion continued regarding United Healthcare's low administrative fee and the fear that they may not be able to provide the same level of administration as Blue Cross does. K. Walsh added that he did not see anything the Group would not get from United that we now receive from Blue Cross because of the lower United Healthcare administrative fee. He explained that, in his opinion, United's provider discounts are also comparable to those of Blue Cross. D. Faucher added that the GHGRI should consider carving out the PBM (Pharmacy Benefit Manager) as a separate bid.

Old Business:

Surplus Distribution Policy / Amendment to Agreement for Joint Negotiation and Purchase of Health Coverages. J. Correia explained that the GHGRI Surplus Distribution Policy notice was distributed over thirty days ago, along with the sample distribution calculation, in accordance with Article 9 "Amendment Procedure", Section A of the Agreement for Joint Negotiation and Purchase of Health Coverages. She added that there have been no communications to the Board as a result of this notice. A motion was made by S. Brown, seconded by D. Faucher, to approve the Surplus Distribution Policy and Amendment to the Agreement for Joint Negotiation and Purchase of Health Coverages. The motion was approved unanimously.

Plan Designs By Group. K. Walsh reviewed the Plan Designs By Group schedule prepared by GBS, outlining the different variations of plan designs within the GHGRI. There are 15 variations of the Health Mate Coast-to-Coast plan. He added that the Portsmouth teacher's plan was the one targeted previously as the model plan for the GHGRI.

Health RFQ Timeline. K. Walsh reviewed the Draft RFQ Timeline prepared by GBS which was previously emailed. He explained that in order to keep everyone informed of the bid process the timeline included a September, 2007 meeting with city/town officials and an October 2007 meeting with union representatives.. The timeline reflects the RFQ being reviewed and finalized by the Board by November 2007, advertised in December 2007 and quotations received by the end of December 2007. January and February 2008 are reserved for the review of quotations by the Board and vendor presentations. The contract award is tentatively set for March 2008.

D. Faucher asked that a sample contract be included with the bid specifications. K. Walsh suggested including the current Blue Cross contract that GHGRI has as a baseline for bidders to start with and upon which to provide comment. Discussions continued regarding requiring all bidders to use the current Blue Cross contract as a template. M. Saunders expressed his concern that the timing of the State contract with United Healthcare is off from the timing of the GHGRI contract.

7/07 Health Rate Increases. Blue Cross sent out the initial FY08 percentage rate increases for each member. Blue Cross should present the FY08 rates at next month's meeting.

Directors/Officer Liability Insurance Coverage With The Trust. J. Correia explained to the group that she had received the application from the Trust for the Directors/Officers Liability Insurance, which appears to be a standard insurance application form. She will complete the application with D. Faucher's and Kevin Walsh' assistance, and submit it to the Trust for consideration.

Other Business:

J. Correia informed the group that she did in fact sign the contract extension with GBS, which had been approved at the February 28, 2007 meeting. This contract extends the contract with GBS for Consulting and Administrative Services through June 2010.

The group discussed adding new members to the GHGRI, and determined that the Executive Committee will put together a standard application packet and be responsible for reviewing the applications submitted by new members. J. Correia will contact the communities that have already expressed interest in joining the GHGRI, and ask that they submit a letter of intent to the Board. This item will be on the Agenda for discussion at the April 2007 Regular Meeting.

Adjournment:

A motion to adjourn at 11:25 a.m. was made by D. Faucher, seconded by J. Correia. The motion was approved unanimously.

The next regular meeting is April 25, 2007 at the Portsmouth Town Hall.

Respectfully submitted,

Lynne S. Dible, Secretary